

# RETURN

(153)

TO AN ORDER OF THE HOUSE OF COMMONS, dated 23rd January, 1911, calling for a copy of the By-laws, Rules and Regulations of the Canadian Bankers' Association as approved by the Treasury Board and now in effect.

CHAS. MURPHY,

*Secretary of State.*

## RE CANADIAN BANKERS' ASSOCIATION.

Passed at a General Meeting of the Association, held in Toronto on November 15, 1900, and amended at a General Meeting of the Association held in Montreal on April 15, 1901.

## BY-LAWS OF THE CANADIAN BANKERS' ASSOCIATION.

A Corporation created by Special Act of the Parliament of Canada, 63 and 64 Vict., C. 93 (1900).

The following By-laws are hereby enacted as By-laws of the Canadian Bankers' Association:—

*Circulation.* 13. (a) A monthly return shall be made to the President of the Canadian Bankers' Association by all banks doing business in Canada, whether members of the Canadian Bankers' Association or not, in the form hereinafter set forth; said return shall be made up and sent in within the first fifteen days of each month, and shall exhibit the condition of the bank's note circulation on the last judicial day of the month next preceding; and every such monthly return shall be signed by the Chief Accountant or Acting Chief Accountant and by the President or Vice-President, or by any Director of the bank, and by the General Manager, Cashier, or other Chief Executive officer of the bank at its chief place of business. Every such monthly return which shows therein notes destroyed during such month, shall be accompanied by a certificate or certificates in the form hereinafter set forth, covering all the notes mentioned as destroyed in such return, signed by at least three of the Directors of the bank, and by the Chief Executive officer or some officer of the bank acting for him stating that the notes mentioned in such certificate or certificates have been destroyed in the presence of and under the supervision of the persons respectively signing such certificate or certificates respectively.



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FORM OF MONTHLY RETURN OF CIRCULATION ABOVE MENTIONED.

## CIRCULATION STATEMENT OF THE

(Here state name of Bank)

for the month of.....19

Credit Balance of Bank Note Accounts on last day of preceding month (inclusive of unsigned notes)..\$

Add notes received from printers during the month, viz.:

From . . . . . \$ . . . . . \$

“ .....\$ \$

\$

Less notes destroyed during month (as per certificate  
herewith) . . . . . \$

Balance of Bank Note Accounts on last day of month. . \$

Less notes on hand, viz.:

Signed.....\$

Unsigned.. . . . .	\$	\$
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\$

Notes in circulation on last day of month.. . . . \$

Chief Accountant.

We declare that the foregoing return, to the best of our knowledge and belief, is correct, and shows truly and clearly the state and position of the Note Circulation of said Bank during and on last day of the period covered by such return.

.....this.....day of.....190 ..

President.

General Manager.

FORM OF CERTIFICATE OF DESTRUCTION OF NOTES ABOVE MENTIONED.

Certificate of Destruction of Notes of the (herein mention name of Bank) accom-  
panying monthly Circulation Statement for Month of.....A.D. 190 .

We, the undersigned, hereby certify that we have examined Bank Notes of this Bank amounting to \$ \_\_\_\_\_, consisting of the following viz.: (here set out the denominations) and have burned and destroyed the same, and that the said Notes so burned and destroyed by us are not included in any other Certificate of Destruction of Notes signed by us or any of us, to the best of our knowledge and belief, by any other person to accompany the present or any monthly circulation statement made or to be made to the President of The Canadian Bankers' Association.

.....this.....day of.....19

..... }  
 ..... } Directors  
 ..... } of said  
 ..... } Bank.  
 .....



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(b) For all purposes of this by-law, the chief place of business of the Bank of British North America shall be the chief office of the said bank at the city of Montreal, in the province of Quebec.

And in the case of the said Bank of British North America the said monthly circulation return shall be signed by the General Manager's clerk, or Acting General Manager's clerk, and by the General Manager or the Acting General Manager of the said Bank; and the said Certificate of Destruction of Notes shall be signed by the General Manager or Acting General Manager, the Inspector or Assistant Inspector, and the local Manager of the Montreal Branch or the Acting local Manager of the Montreal Branch of the said bank, instead of by the persons respectively hereinbefore directed to sign the said returns respectively.

(c) Every bank which neglects to make up and send in as aforesaid any monthly return required by this by-law within the time by this by-law limited, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which the bank neglects so to make up and send in such return.

(d) The Executive Council of the Association shall have power, by resolution, at any time to direct that an inspection shall be made of the Circulation Accounts of any bank by an officer or officers to be named in such resolution, and such inspection shall be made accordingly.

(e) Some person or persons appointed from time to time by the Executive Council of The Association shall during the year 1901 and during every year thereafter, make inspection of the Circulation Accounts of every bank doing business in Canada, whether members of the Association or not, and shall report thereon to the Council; and upon every such inspection all and every the officers of the bank whose Circulation Account shall be so inspected, shall give and afford to the officer or officers making such inspection, all such information and assistance as he or they may require to enable him or them fully to inspect said Circulation Account, and to report to the Council upon the same, and upon the means adopted for the destruction of the notes.

(f) The amount of all penalties imposed upon a bank for any violation of this by-law shall be recoverable and enforceable with costs; at the suit of the Canadian Bankers' Association, and such penalties shall belong to the Canadian Bankers' Association for the uses of the Association.

(g) The President of the Canadian Bankers' Association shall each month have printed and forwarded to the Chief Executive officer of every bank in Canada subject to the Bank Act, whether a member of the Association or not, a statement of the Circulation returns of all the Banks in Canada for the last preceding month, as received by him.

(h) In this by-law it is declared for greater certainty that the Canadian Bankers' Association herein mentioned and referred to is the Association incorporated by Special Act of Parliament of Canada, 63 and 64 Vict., C. 93.

*Curator.*—14. Whenever any bank suspends payment, a Curator, as mentioned in Sect. 24 of the Bank Act Amendment Act, 1900, shall be appointed to supervise the affairs of such bank. Such appointment shall be made in writing by the President of the Association or by the person who, during a vacancy in the office of, or in the absence of, the President, may be acting as President of the Association.

If the Curator so appointed dies, or resigns, another Curator may be appointed in his stead in the manner aforesaid.

The Executive Council may, by resolution, at any time remove a Curator from office and appoint another person Curator in his stead.

A Curator so appointed shall have all the powers, and subject to the provisions of by-law No. 15, shall perform all the duties imposed upon the Curator by the said Bank Act Amendment Act; he shall also furnish all such returns and reports and give all such information touching the affairs of the suspended bank as the President of the Association or the Executive Council may require of him from time to time.



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The remuneration of the Curator for his services and his expenses and disbursements in connection with the discharge of his duties shall be fixed and determined from time to time by the Executive Council.

15. Whenever a bank suspends payment, and a Curator is accordingly appointed, the President shall also appoint a local Advisory Board consisting of three members, selected generally so far as possible from among the General Managers, Assistant General Managers, Cashiers, Inspectors or Chief Accountants, or Branch Managers of any bank at the place where the Head Office of such suspended bank is situated, and the Curator shall advise from time to time with such Advisory Board, and it shall be his duty, before taking any important step in connection with his duties as Curator, to obtain the approval of such Advisory Board thereto. With the sanction of such Advisory Board, he may employ such assistants as he may require for the full performance of his duties as Curator.

*Clearing Houses.*—16. The rules and regulations contained in this by-law are made in pursuance of the powers contained in the Act to Incorporate the Canadian Bankers' Association, 63 and 64 Vict., C. 93 (1900), and shall be adopted by, and shall be the Rules and Regulations governing all Clearing Houses now existing and established, or that may be hereafter established.

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RULES AND REGULATIONS RESPECTING CLEARING HOUSES MADE IN PURSUANCE OF THE POWERS CONTAINED IN THE ACT TO INCORPORATE THE CANADIAN BANKERS' ASSOCIATION.

1. The chartered banks doing business in any city or town, or such of them as may desire to do so, may form themselves into a Clearing House. Chartered banks thereafter establishing offices in such city or town may be admitted to the Clearing House by a vote of the members.

2. The Clearing House is established for the purpose of facilitating daily exchanges and settlements between banks. It shall not either directly or indirectly be used as a means of obtaining payment of any item, charge or claim disputed, or objected to. It is expressly agreed that any bank receiving exchanges through the Clearing House shall have the same rights to return any item, and to refuse to credit any sum which it would have had were the exchanges made directly between the banks concerned, instead of through the Clearing House; and nothing in these or any future rules, and nothing done, or omitted to be done thereunder, and no failure to comply therewith shall deprive a bank of any rights it might have possessed had such rules not been made, to return any item or refuse to credit any sum; and payment through the Clearing House of any item, charge or claim shall not deprive a bank of any right to recover back the amount so paid.

3. The annual meeting of the members shall be held on such day in each year, and at such time and place as the members may fix by by-law. Special meetings may be called by the Chairman or Vice-Chairman whenever it may be deemed necessary, and the Chairman shall call a special meeting whenever requested to do so in writing by three or more members.

4. At any meeting each member may be represented by one or more of its officers, but each bank shall have one vote only.

5. At every annual meeting there shall be elected by ballot a Board of Management, who shall hold office until the next annual meeting, and thereafter until their successors are appointed. They shall have the general oversight and management of the Clearing House. They shall also deal with the expenses of the Clearing House, and the assessments made therefor. In the absence of any member of the Board of Management, he may be represented by another officer of the bank of which he is an officer.



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6. The Board of Management shall at their first meeting after their appointment, elect out of their own number a Chairman, a Vice-Chairman, and a Secretary-Treasurer, who shall perform the duties customarily appertaining to these offices.

The officers so selected shall be respectively the Chairman, Vice-Chairman, and Secretary-Treasurer of the Clearing House.

Should the bank of which the Chairman is an officer be interested in any matter, his powers and duties shall, with respect to such matter, be exercised by the Vice-Chairman, who shall also exercise the Chairman's duties and powers in his absence.

7. Meetings of the board may be held at such times as the members of the same may determine. A special meeting shall be called by the Secretary-Treasurer on the written requisition of any member of the Clearing House for the consideration of any matter submitted by it, of which meeting 24 hours notice shall be given, and if such meeting is for action under Rules 15 or 16, it shall be called immediately.

8. The expenses of the Clearing House shall be met by an equal assessment upon the members, to be made by the Board of Management.

9. Any bank may withdraw from the Clearing House by giving notice in writing to the Chairman or Secretary-Treasurer between the hours of 1.00 and 3.00 o'clock P.M. and paying its due proportion of expenses and obligations then due. Said retirement to take effect from the close of business of the day on which such notice is given. The other banks shall be promptly notified of such withdrawal.

10. The Board of Management shall arrange with a bank to act as Clearing House for the receipt and disbursement of balances due by and to the various Banks, but such bank shall be responsible only for the moneys and funds actually received by it from the debtor banks and for the distribution of the same amongst the creditor Banks on the presentation of the Clearing House certificates properly discharged. The Clearing Bank shall give receipts for balances received from the debtor banks. The Board of Management shall also arrange for an officer to act as Manager of the Clearing House from time to time, but not necessarily the same officer each day.

11. The hours for making the Exchanges at the Clearing House, for payment of the debit balances to the Clearing Bank, and for payment out of the balances due the creditor banks, shall be fixed by by-law under clause 17. On completion of the exchanges, the balances due to or by each bank shall be settled and declared by the Clearing House Manager, and if the clearing statements are readjusted under the provisions of these rules, the balances must then be similarly declared settled, and the balances due by debtor banks must be paid into the Clearing Bank, at or during the hours fixed by by-law as aforesaid, provided that no credit balance, or portion thereof, shall be paid until the debit balances have been received by the Clearing Bank. At Clearing Houses where balances are payable in money they shall be paid in legal tender notes of large denominations.

At Clearing Houses where balances are payable by draft, should any settlement draft given to the Clearing Bank, not be paid on presentation, the Clearing Bank shall at once notify in writing all the other banks of such default; and the amount of the unpaid draft shall be repaid to the clearing bank by the bank whose clearances were against the defaulting bank on the day the unpaid draft was drawn, in proportion to such balances. The Clearing Bank shall collect the unpaid draft, and pay the same to the other banks in the above proportion. It is understood that the clearing bank is to be the agent of the associated banks, and to be liable only for moneys actually received by it.

Should any bank make default in paying to the Clearing Bank its debit balance, within the time fixed by this rule, such debit balance and interest thereon shall then be paid by the bank so in default to the Chairman of the Clearing House for the time being, and such Chairman and his successor in office from time to time shall be a creditor of and entitled to recover the said debit balance, and interest thereon from the defaulting bank. Such balances, when received by the said Chairman or his



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successor in office, shall be paid by him to the Clearing Bank for the benefit of the banks entitled thereto.

12. In order that the Clearing statements may not be unnecessarily interfered with, it is agreed that a bank objecting to any item delivered to it through the Clearing House, or to any charge against it in the exchanges of the day, shall, before notifying the Clearing House Manager of the objection, apply to the bank interested for payment of the amount of the item or charge objected to, and such amount shall thereupon be immediately paid to the objecting bank. Should such payment not be made the objecting Bank may notify the Clearing House Manager of such objection and non-payment, and he shall thereupon deduct the said amount from the settling sheets of the banks concerned, and readjust the Clearing statements and declare the correct balances in conformity with the changes so made, provided that such notice shall be given at least half an hour before the earliest hour fixed by by-law, as provided in clause 11, for payment of the balances due to the creditor banks. But notwithstanding that the objecting bank may not have so notified the Clearing House Manager, it shall be the duty under these rules of the bank interested to make such payment on demand therefor being made at any time up to 3 o'clock; provided, however, that if the objection is based on the absence from the deposit of any parcel or of any cheque or other item entered on the deposit slip notice of such absence shall have been given to the bank interested before 12 o'clock noon, the whole, however, subject to the provisions of Rule No. 2.

13. All bank notes, cheques, drafts, bills and other items (hereafter referred to as "items") delivered through the Clearing House to a bank in the exchanges of the day, shall be received by such bank as a trustee only, and not as its own property, to be held upon the following trust, namely,—upon payment by such bank at the proper hour to the Clearing Bank of the balance (if any) against it, to retain such items freed from said trust; and in default of payment of such balance, to return immediately and before 12.30 p.m., the said items unmarked and unmutilated through the Clearing House to the respective banks, and the fact that any item cannot be so returned shall not relieve the bank from the obligation to return the remaining items, including the amount of the bank's own notes so delivered in trust.

Upon such default and return of said items, each of the other banks shall immediately return all items which may have been received from the bank so in default, or to pay the amount thereof to the defaulting bank through the Clearing House. The items returned by the bank in default shall remain the property of the respective banks from which they were received, and the Clearing House Manager shall adjust the settlement of balances anew.

A bank receiving through the Clearing House such items as aforesaid, shall be responsible for the proper carrying out of the trust upon which the same are received as aforesaid, and shall make good to the other banks respectively all loss and damage which may be suffered by the default in carrying out such trust.

14. In the event of any bank receiving exchanges through the Clearing House, making default in payment of its debit balance (if any) then in lieu of its returning the items received by it as provided by Rule 13, the Board of Management may require the banks to which the defaulting bank, or an account being taken of the exchanges of the day between it and the other banks, would be a debtor, in proportion to the amounts which, on such accounting, would be respectively due to them, to furnish the Chairman of the Clearing House for the time being with the amount of the balance due by the defaulting bank, and such amount shall be furnished accordingly, and shall be paid by the Chairman of the Clearing Bank, which shall then pay over to the creditor banks the balances due to them in accordance with Rule 11. The said funds for the Chairman shall be furnished by being deposited in the Clearing Bank for the purpose aforesaid. The defaulting bank shall repay to the chairman for the time being, or to his successor in office, the amount of such debit balance and interest



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thereon; and the said chairman, and his successor in office, shall be entitled to receive the same from the defaulting bank. Any moneys so recovered shall be held in trust for and deposited in the Clearing Bank for the benefit of the banks entitled thereto.

15. If a bank neglects or refuses to pay its debit balance to the Clearing Bank, and if such default be made not because of inability to pay, the Board of Management may direct that the exchanges for the day between the defaulting bank and each of the other banks be eliminated from the Clearing House statements, and that the settlements upon such exchanges be made directly between the banks interested, and not through the Clearing House. Upon such direction being given the Clearing House Manager shall comply therewith and adjust the settlement of balances anew, and the settlement of exchanges so eliminated shall thereupon be made directly between the banks interested.

16. Should any case arise to which, in the opinion of the Board of Management, the foregoing rules are inapplicable, or in which their operation would be inequitable, the board shall have power at any time to suspend the clearings and settlements of the day; but immediately upon such suspension the board shall call a meeting of the members of the Clearing House to take such measures as may be necessary.

17. Every Clearing House now existing, or that may hereafter be established, may enact by-laws, rules and regulations, for the government of its members, not inconsistent with these rules, and may fix therein among other things:—

1. The name of the Clearing House;
2. The number of members of the Board of Management and the quorum thereof;
3. The date, time and place for the annual meeting;
4. The mode of providing for the expenses of the Clearing House;
5. The hours for making exchanges, and for payment of the balances to or by the Clearing Bank;
6. The mode or medium in which balances are to be paid.

Any by-law, rule, or regulation passed or adopted under this clause may be amended at any meeting of the members, provided that not less than two weeks notice of such meeting, and of the proposed amendments, has been given.



